



Credit River Township

OPEN HOUSE

Welcome to the Credit River Township Open House

The purpose of tonight's
Open House is to share results
of a fiscal impact study and to get
your thoughts and ideas
on Credit River's
future governance model.



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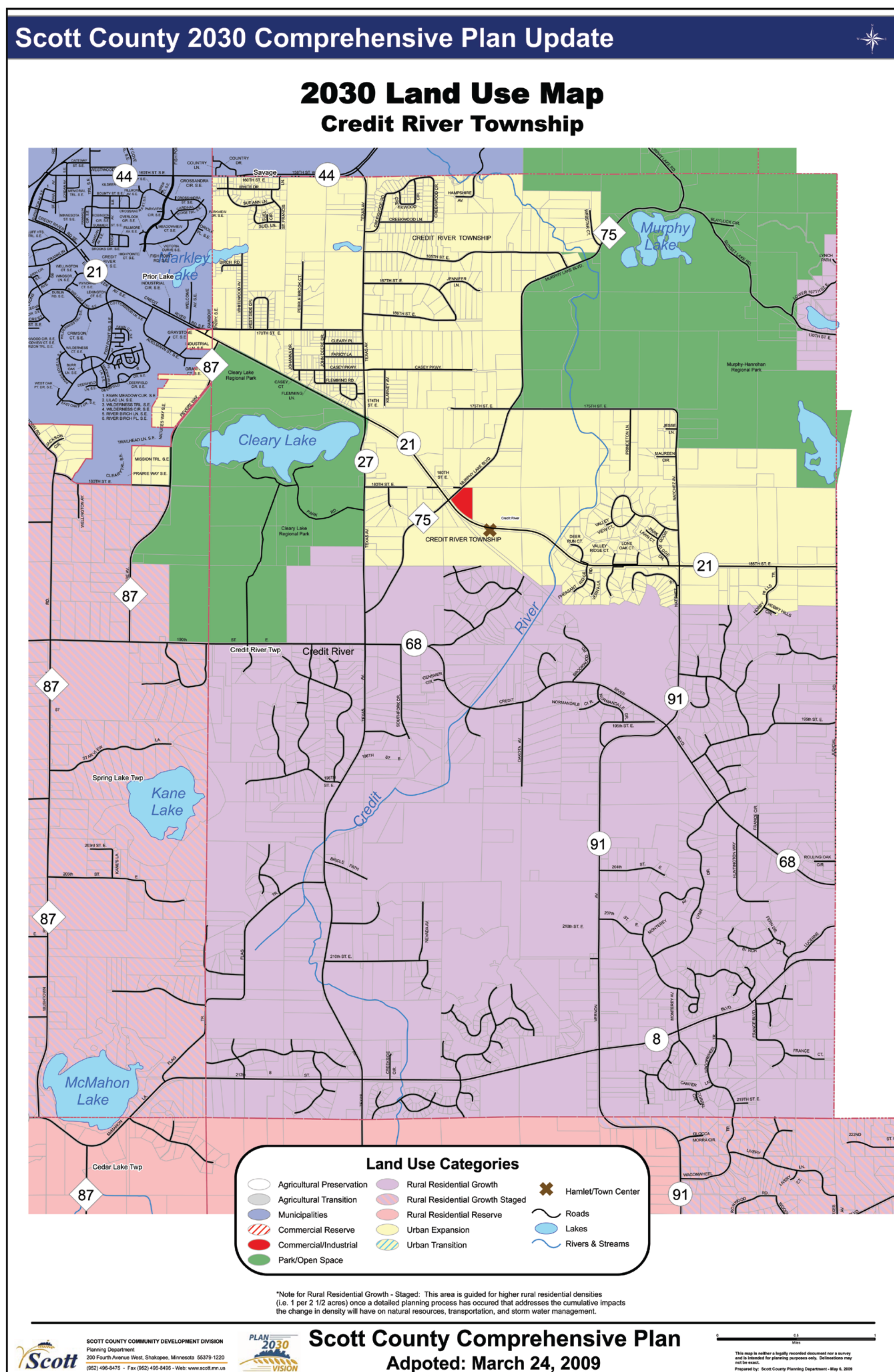
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Background: Fiscal Impact Study

- Town is at crossroads for deciding its future governance model
- Northern “1/3”: Designated for future urban expansion
- Southern “2/3”: Designated as permanent rural residential

Northern “1/3”
Designated for
future urban
expansion

Southern “2/3”
Designated as
permanent rural
residential



- Since March, 2006, Town and residents have actively discussed issues of incorporation, municipal water and sewer, and comprehensive planning
- Town hired Ehlers in late 2008 to analyze the long-term fiscal impacts (including Town capital and operating costs) of three distinct scenarios



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Fiscal Impact Study Scenarios

- 1. Incorporation:** Initiate process to incorporate Credit River Township, in its current boundaries, as a City
- 2. Status Quo:** Remain Township and lose pieces of northern urban expansion area to annexation by surrounding cities
- 3. Detachment:** Negotiate orderly annexation of northern urban expansion area by City of Savage; with southern 2/3 remaining Township



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Assumptions–All Scenarios

- Note: Timing and costs in fiscal impact study are estimates only, used to gauge overall scenario impacts and how various factors interact. They do not represent decisions that the Town Board has or has not made to-date.
- Necessary installation of municipal water and sewer services in northern urban expansion area – 2012 (est)
- Total cost of water and sewer infrastructure: \$24 million (est)
 - 60% paid from general property taxes
 - 40% assessed to benefiting property owners
- Continuation of current road/street capital improvement plan (CIP)
- No change in police service costs, due to Scott County protection
- Fire service costs increase 5% per year, may be adjusted to reflect future change in Town boundaries
- Possible construction of new public facilities
 - \$1 million land acquisition – 2010 (est)
 - \$3 million Town / City Hall – 2013 (est)
 - \$1.5 million Public Works Facility – 2016 (est)
- Existing property values increase 2% per year
- Non-property tax revenues increase 3% per year and non-fire service operating expenses increase 4% per year
- Growth Assumptions: 10-year build out of Quarry Project, plus 20 new single family homes in southern rural residential area (see Scenarios 1, 2 and 3 for details)



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Assumptions—Scenario 1: Incorporation

- Incorporation costs: \$75,000 to \$275,000, depending if contested or not
- Planning and zoning duties: \$20,000 per year
- Prosecution costs and fine revenues:
Net cost of \$10,000 per year
- Minnesota State Aid (MSA) road/street funds:
\$150,000 per year
- Water/Sewer debt service costs to City of Credit River: City debt service cost of \$1.12 million per year, beginning in 2013
- Other budget changes include loss of County road aid (\$20,000 per year), small increase in insurance premiums
- Growth Assumptions: Quarry Project over 10 years plus 20 new houses in rural residential area per year



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Assumptions—Scenario 2: Status Quo

- Piecemeal annexation of prime development sites into neighboring cities, fragmenting Town in northern urban expansion area
- Town loses tax base north of CSAH 21:
Net decrease of 3% of existing value per year
- Town still required to install and finance water and sewer infrastructure to serve northern residential areas: Town debt service cost of \$1.12 million per year, beginning in 2013
- No significant changes in operating costs. Fire service cost will adjust slightly to reflect smaller geographic area.
- Growth assumptions: No Quarry Project, assuming area will annex into Savage. 20 new houses in rural residential area per year



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Assumptions—Scenario 3: Detachment of Urban Expansion Area

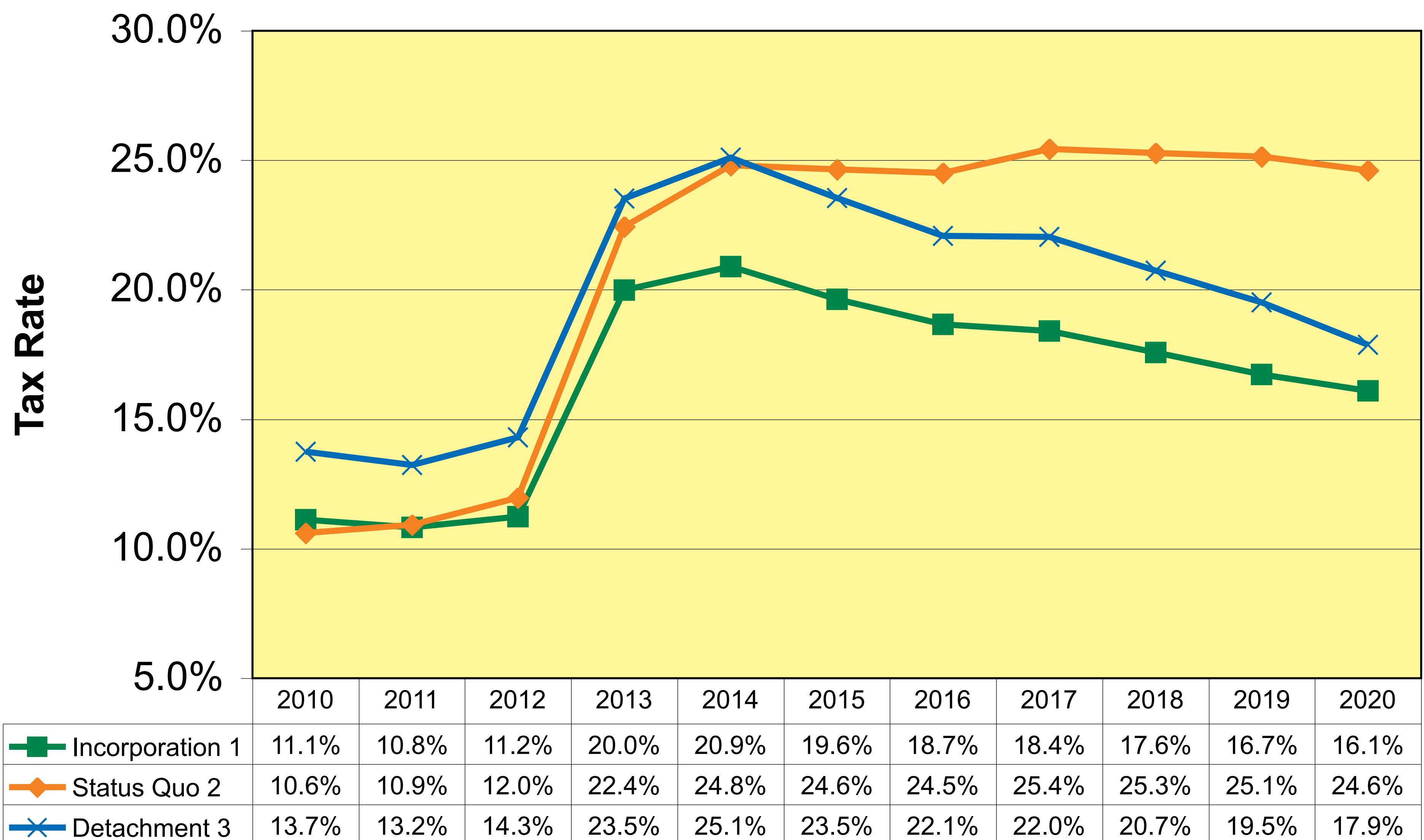
- Northern urban expansion area becomes part of Savage in 2010, through orderly annexation agreement
- Local tax rate for properties in annexed area transition from Credit River to Savage tax rate over 10 years
- Town still required to install and finance water and sewer infrastructure to serve northern residential areas – BUT...
- Annual Town debt service cost shifted to Savage over 8 years period, as Savage revenues from annexation area increase
- No other tax base sharing or revenue transfers assumed between Credit River and Savage
- Town road/street capital improvement plan adjusted to remove projects north of CSAH 21
- Growth assumptions: No Quarry Project, assuming area will annex into Savage. 20 new houses in rural residential area per year



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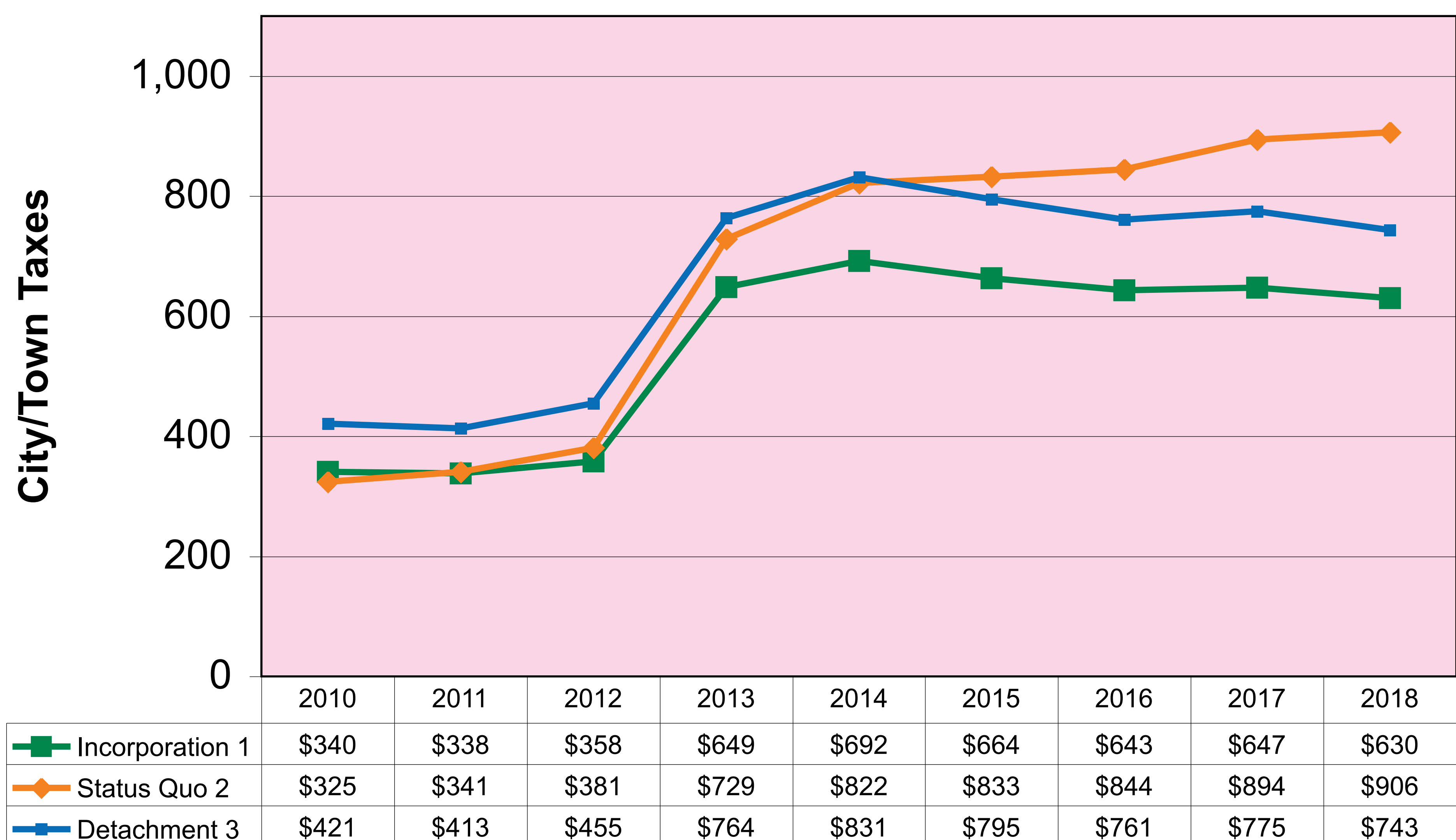
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Projected Tax Rates



Projected Property Tax Impacts

\$300,000 Home (Inflated at 2% Annually)





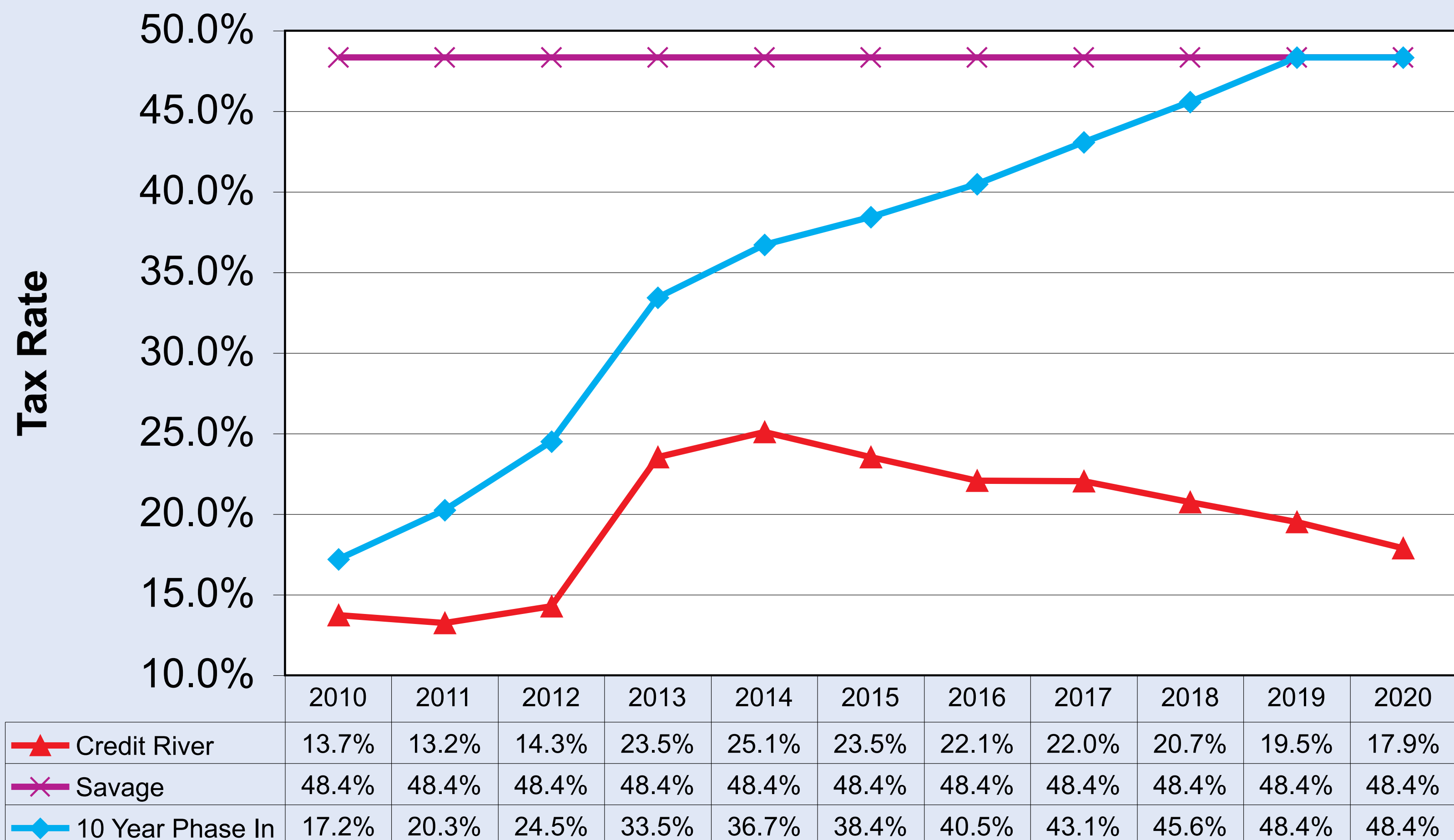
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Scenario 3: Detachment

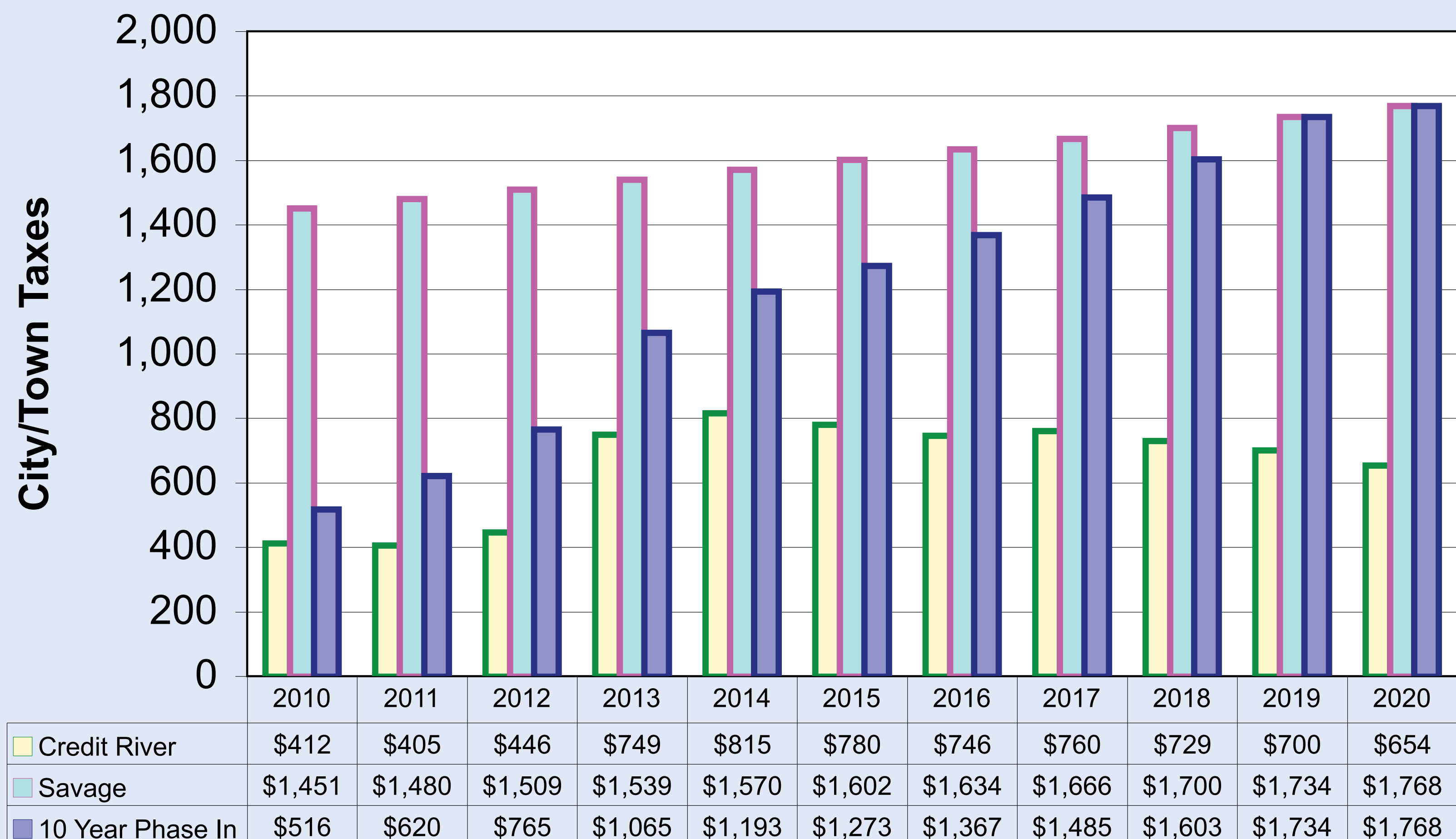
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Projected Tax Rates for Detachment
Properties North of CSAH 21
Options 3A and 3B

Assumption:
Savage tax rate is a constant
48.4%



Credit River Township
Projected Tax Impacts for Detachment
Properties North of CSAH 21
\$300,000 Home (Inflated at 2% Annually)

Assumption:
Savage tax rate is a constant
48.4%





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Conclusion

- Fiscal impact study is intended to serve as a reference point for the Town Board and residents, not as an absolute indicator of the best fiscal approach
- Although the eventual need for municipal water and sewer utilities is clear, it is difficult to predict the exact timing and cost of water and sewer infrastructure, plus ongoing operating expenses
- Nevertheless, the study indicates that, from a financial perspective, Credit River should incorporate or detach its northern urban expansion area. Maintaining the status quo and losing tax base to piecemeal annexation is the least preferable option
- Town must weigh fiscal impacts against other considerations, including local control over planning and development, and the civic identity it wishes to have

Next Steps for Credit River

- May 13: Open House
- June 1: Deadline for Citizen Comments and Suggestions
- July 6: Town Board Discussion of Options and Feedback
- September 8: Town Board Decision on Preferred Approach



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Thank you for attending tonight's Open House.

We hope you will
take the time to complete
a citizen questionnaire
before you leave –
or no later than **June 1**

Mail to: Town Hall
18985 Meadow View Blvd.
Prior Lake, MN 55372

E-mail to: lawrence@creditriver-mn.gov

Fax to: (952) 440-5617

Or check the Town Web site for an
electronic version of the questionnaire.